

## Foreclosure Prevention Programs

JPMorgan Chase is deeply committed to our public sector clients and to the communities in which we work and live. This commitment is exemplified by the consistent rating of OUTSTANDING compliance with the Community Reinvestment Act (CRA). Our commitments are backed up by our ability to sustain these efforts even during difficult economic and industry challenges. As such, our financial strength and scale allow us to take a leadership role in the current mortgage crisis.

To that end, JPMorgan Chase has taken the initiative to expand our foreclosure prevention programs to help even more families stay in their homes. Understanding the ramifications to our communities, we have already helped about 250,000 families with \$40 billion in loans avoid foreclosure, primarily by modifying their loans or payments.

On October 31, 2008, JPMorgan Chase announced a commitment to extend and expand these programs to help an additional 400,000 families across all brands now under the JPMorgan Chase umbrella, including Chase as well as the newly acquired WaMu (Washington Mutual) and EMC Mortgage Corporation (Bear Stearns) businesses.

As a result of these enhancements for Chase, WaMu and EMC customers, Chase will:

- Systematically review its entire mortgage portfolio to determine proactively which homeowners are most likely to require help - and try to provide it before they are unable to make payments.
- Proactively reach out to homeowners to offer pre-qualified modifications such as interest-rate reductions and/or principal forbearance. The pre-qualified offers will streamline the modification process and help homeowners understand that Chase is offering a specific option to make their monthly payment more affordable.
- Establish 24 new regional counseling centers to provide face-to-face help in areas with high delinquency rates, building on the success of one- and two-day Hope Now reach-out days.
- Add 300 more loan counselors - bringing the total to more than 2,500 - so that delinquent homeowners can work with the same counselor throughout the process, improving follow through and success rates. Chase will add more counselors as needed.
- Create a separate and independent review process within Chase to examine each mortgage before it is sent into the foreclosure process -- in order to validate that each homeowner was offered appropriate modifications. Chase will staff the new function with about 150 people.

JPMORGAN CHASE & CO.



YOUR HOUSE IS YOUR HOME.  
WE WANT TO KEEP IT THAT WAY.

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- Not add any more Chase-owned loans into its foreclosure process while enhancements are being implemented.
- Disclose and explain in plain and simple terms the refinancing or modification alternatives for each kind of loan. Chase also will use in-language communications, including local publications, to more effectively reach homeowners.
- Expand the range of financing alternatives offered to modify pay-option ARMs, including 30-year, fixed-rate loans with affordable payments, principal deferral and interest-only payments for 10 years. All the alternatives eliminate negative amortization.
- Offer a substantial discount on or donate 500 homes to community groups or through nonprofit or government programs designed to stabilize communities.
- Use more flexible eligibility criteria on origination dates, loan-to-value ratios, rate floors and step-up features.

The enhancements to our foreclosure prevention programs reflect JPMorgan Chase's commitment to continue to seek additional ways to help homeowners, and to show leadership even in difficult times.

*(This information is current as of December 1, 2008.)*